APPENDIX A

I. Statutes Involved

The Soil Conservation and Domestic Allotment Act, 16 U. S. C. §§ 590a–590q, provides, in part, as follows:

> Sec. 7. (a) It is hereby declared to be the policy of this Act also to secure, and the purposes of this Act shall also include, (1) preservation and improvement of soil fertility; (2) promotion of the economic use and conservation of land; (3) diminution of exploitation and wasteful and unscientific use of national soil resources; (4) the protection of rivers and harbors against the results of soil erosion in aid of maintaining the navigability of waters and water courses and in aid of flood control; and (5) reestablishment, at as rapid a rate as the Secretary of Agriculture determines to be practicable and in the general public interest, of the ratio between the purchasing power of the net income per person on farms and that of the income per person not on farms that prevailed during the five-year period August 1909–July 1914, inclusive, as determined from statistics available in the United States Department of Agriculture, and the maintenance of such ratio. The powers conferred under sections 7 to 14, inclusive, of this Act shall be used to assist voluntary action calculated to effectuate the purposes specified in this section. * * *
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Sec. 8. (a) In order to carry out the purposes specified in section 7 (a) during the period necessary to afford a reasonable opportunity for legislative action by a sufficient number of States to assure the effectuation of such purposes by State action and in order to promote the more effective accomplishment of such purposes by State action thereafter, the Secretary shall exercise the powers conferred in this section during the period prior to January 1, 1947, except with respect to farming operations commenced in any State after the effective date of a State plan for such State approved pursuant to section 7. No such powers shall be exercised after December 31, 1946, except with respect to payments or grants in connection with farming operations carried out prior to January 1, 1947.

(b) Subject to the limitations provided in subsection (a) of this section, the Secretary shall have power to carry out the purposes specified in clauses (1), (2), (3), (4), and (5) of section 7 (a) by making payments or grants of other aid to agricultural producers, including tenants and sharecroppers, in amounts determined by the Secretary to be fair and reasonable in connection with the effectuation of such purposes during the year with respect to which such payments or grants are made, and measured by (1) their treatment or use of their land, or a part thereof, for soil restoration, soil conservation, or the prevention of erosion; (2) changes in the use of their land; (3) their equitable share, as determined by the Secretary, of the normal national production of any commodity or commodities required for domestic con-

sumption; or (4) their equitable share, as determined by the Secretary, of the national production of any commodity or commodities required for domestic consumption and exports adjusted to reflect the extent to which their utilization of cropland on the farm conforms to farming practices which the Secretary determines will best effectuate the purposes specified in section 7 (a); or (5) any combination of the above. In arid or semiarid sections, (1) and (2) above shall be construed to cover water conservation and the beneficial use of water on individual farms, including measures to prevent run-off, the building of check dams and ponds, and providing facilities for applying water to the land. In determining the amount of any payment or grant measured by (1) or (2) the Secretary shall take into consideration the productivity of the land affected by the farming practices adopted during the year with respect to which such payment is made. In carrying out the provisions of this section in the continental United States, the Secretary is directed to utilize the services of local and State committees selected as hereinafter provided. * * * The Secretary shall make such regulations as are necessary relating to the selection and exercise of the functions of the respective committees, and to the administration, through such committees, of such programs. In carrying out the provisions of this section, the Secretary shall, as far as practicable, protect the interests of tenants and sharecroppers; * * * shall, in every practicable manner, protect the interests of small producers; and shall in every practicable way encourage and provide for soil-conserving and soil-rebuilding practices

rather than the growing of soil-depleting crops. Rules and regulations governing payments or grants under this subsection shall be as simple and direct as possible, and, wherever practicable, they shall be classified on two bases: (a) Soil-depleting crops and practices, (b) soil-building crops and practices. * * *

* * * * *

(d) Any payment or grant of aid made under subsection (b) shall be conditioned upon the utilization of the land, with respect to which such payment is made, in conformity with farming practices which the Secretary finds tend to effectuate any one or more of the purposes specified in clause (1), (2), (3), (4), or (5) of section 7 (a).

* * * * *

(g) A payment which may be made to a farmer under this section, may be assigned, without discount, by him in writing as security for cash or advances to finance making a crop. Such assignment shall be signed by the farmer and witnessed by a member of the county or other local committee, or by the treasurer or the secretary of such committee, and filed with the county agent or the county committee. Such assignment shall include the statement that the assignment is not made to pay or secure any preexisting indebtedness. This provision shall not authorize any suit against or impose any liability upon the Secretary or any disbursing agent if payment to the farmer is made without regard to the existence of any such assignment.

* * * * *

SEC. 9. The Secretary is authorized to conduct surveys, investigations, and re-

search relating to the conditions and factors affecting, and methods of accomplishing most effectively, the policy and purposes of section 7 (a). Notwithstanding any provision of existing law, the Secretary is authorized to make public such information as he deems necessary to carry out the provisions of this Act. * * *

* * * * *

SEC. 14. The facts constituting the bases for any payment or grant or the amount thereof authorized to be made under section 7 or 8 hereof, when officially determined in conformity with rules or regulations prescribed by the Secretary of Agriculture, shall be reviewable only by the Secretary of Agriculture.

Section 385 of the Agricultural Adjustment Act of 1938, 7 U. S. C. § 1385, provides:

Section 385. The facts constituting the basis for any Soil Conservation Act payment, parity payment, or loan, or the amount thereof, when officially determined in conformity with the applicable regulations prescribed by the Secretary or by the Commodity Credit Corporation, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government. In case any person who is entitled to any such payment dies, becomes incompetent, or disappears before receiving such payment, or is succeeded by another who renders or completes the required performance, the payment shall, without regard to any other provisions of law, be made as the Secretary of Agriculture may determine to be fair and reasonable in all the circumstances and provide by regulations.

II. Regulations Involved

United States Department of Agriculture instructions (ACP–70, April 9, 1938) relating to assignments and use of Form ACP–69 (R. 11–15), pursuant to Section 8 (g) of the Soil Conservation and Domestic Allotment Act, provide, in part, as follows:

I. PURPOSE AND SCOPE OF ASSIGNMENTS

A. *To finance making a crop.*—A payment which may be made to a farmer (hereinafter referred to as the "assignor") under section 8 of the Soil Conservation and Domestic Allotment Act, as amended, may be assigned only as security for cash or advances to finance making a crop. To finance making a crop means (1) to finance the planting, cultivating, or harvesting of a crop, including the purchase of equipment required therefor; (2) to provide food, clothing, and other necessities required by the assignor or persons dependent upon the assignor for the purpose of making a crop; or (3) to finance the carrying-out of soil-building or range-building practices. Nothing contained herein shall be construed to authorize an assignment given to secure the payment of the whole or any part of the purchase price of a farm or the payment of the whole or any part of a cash or fixed commodity rent for a farm.

B. *Cash or advances.*—An assignment may be given (1) to secure repayment of cash advanced to the assignor to cover the cost of supplies or services required by him to make a crop, (2) to secure payment for supplies or services furnished to the assignor to make a crop, or (3) to secure the

repayment of cash or the cash value of supplies or services being advanced in successive installments or on the order of the assignor pursuant to a contract or agreement. The amount of the cash or the cash value of the supplies or services must be stated exactly. * * *

* * * * *

D. *The current crop year.*—The cash, supplies, or services must be advanced to the assignor to finance making a crop during the year current at the time the assignment is made and must not be made to secure or pay any preexisting indebtedness of any nature whatsoever. The assignment shall be effective only with respect to the payments which may be or become due and payable to the assignor for participation in the program under section 8 of the Soil Conservation and Domestic Allotment Act, as amended, for the year current at the time the assignment is given. The unpaid balance of any amount advanced in 1 year and secured by an assignment cannot be secured by an assignment of any payments which may become due and payable to the assignor for participation in the program for any subsequent year.

* * * * *

F. *Payment to the assignee.*—Unless the indebtedness secured by an assignment has been repaid or otherwise discharged prior to the time application for payment is made by the assignor, the amount of the payment to which the assignor is entitled under his application, or any amount equal to the indebtedness, or the amount of the indebtedness which remains unpaid or discharged, whichever is the smallest, will be paid directly to the assignee: *Provided, however,*

That in case payment should happen to be made to the assignor there is no authority of law for any suit against or the imposition of any liability upon the Secretary of Agriculture or any disbursing agent.

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III. EXECUTION OF ASSIGNMENT

A. *In writing.*—The assignor must execute the original and two copies of part I of Form ACP–69. Assignments made orally or in writing upon forms other than Form ACP–69 shall not be recognized by the United States. The term "Form ACP–69" means the official prescribed form bearing that designation and printed by the United States Government Printing Office.

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VI. MISCELLANEOUS

A. *Effect of assignment.*—An assignment shall not become effective insofar as the United States is concerned until application for payment is made by the assignor, his heirs, or a fiduciary who by virtue of his office succeeds to the right of the assignor to make such application and it is administratively determined that such payment is to be made. Any assignment made shall be subject to the provisions of the program under which the payment is made and to all rights of counterclaim, recoupment, or set-off to which the United States is entitled.

B. *Liability of the Secretary or disbursing agents.*—Neither the Secretary of Agriculture nor any disbursing agent shall be liable in any suit if payment is made to the assignor without regard to the existence of any assignment and nothing con-

tained herein shall be construed to authorize any suit against the Secretary of Agriculture or any disbursing agent if payment is not made to the assignee or if payment is made to only one of several assignees.

Section 700.15(d) of the Regulations of the Agricultural Adjustment Administration (7 C. F. R. 700.15 (d)) provides:

> (d) Assignments. Any person who may be entitled to any payment in connection with the 1938 Agricultural Conservation Program may assign his interest in such payment as security for cash loaned or advances made for the purpose of financing the making of a crop in 1938. No such assignment will be recognized unless (1) the assignment is made in writing on Form ACP–69 in accordance with instructions issued by the Agricultural Adjustment Administration, and is filed in the office of the county agricultural conservation association; (2) the farmer files with the assignment a statement that the assignment is made to pay or secure an indebtedness incurred in connection with financing the making of a crop in 1938 and not to pay or secure any pre-existing indebtedness; and (3) the person to whom such assignment is made certifies that the payment is being assigned without discount for such purpose.
>
> Nothing contained in this section shall be construed to give an assignee a right to any payment other than that to which the farmer is entitled nor shall the Secretary or any disbursing agent be subject to any suit or liability if payment is made to the farmer without regard to the existence of any such assignment.

APPENDIX B

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.

MARCH 17, 1941.

MEMORANDUM TO THE SECRETARY

Re: Determination as to bases for settlement of cases of Lee Wilson and Company and its tenants and sharecroppers under the Agricultural Adjustment and Conservation Programs for 1933 through 1939 and related programs, Mississippi County, Arkansas

DEAR MR. SECRETARY: There are transmitted herewith an executed copy of the joint recommendations of the Arkansas State Agricultural Conservation Committee and the Mississippi County Agricultural Conservation Committee and a copy of the report of the 1940 investigating committee, with exhibits as listed in the latter, in connection with the application for payment filed by Lee Wilson and Company and its tenants and sharecroppers under the Agricultural Adjustment and Conservation Programs and related programs for the years 1933–1939, both inclusive. Also attached are a copy of the 1939 investigating committee's report and a copy of the report dated June 19, 1939, by John G. Wilcox, investigator, in connection with certain phases of these cases.

* * * * *

Assignments

Many assignments of payments under the 1938 or 1939 Agricultural Conservation Programs which were made to the Company or others by its tenants or sharecroppers were declared void because they were not executed in accordance with section 8 (g) of the Soil Conservation and Domestic Allotment Act as amended, and the governing regulations (ACP–70). We see no reason to disturb the findings so made.

* * * * *

Except as indicated otherwise hereinabove, we approve the findings and recommendations of the Investigating Committee and the joint recommendations of the State Committee and County Committee.

* * * * *

If you approve the recommendations herein made, we recommend that such approval be indicated by your signature in the space provided below, and such approval will be taken as constituting your administrative determination of the bases for settlement of the cases herein dealt with. If you so approve, we also recommend that you sign and forward the attached letter to the Comptroller General, accompanied by the documents therein described, and that no action be taken to carry out your determination unless and until he shall have notified you that he finds no objection to final settlement of these cases on the basis of your determination.

Respectfully submitted:

(S) C. D. WALKER,
Acting Director, Southern Division,
Agricultural Adjustment Administration.

APRIL 9, 1941.

Approved:

(S) GROVER B. HILL,
1941, Acting Secretary of Agriculture.

Concurring:

(S) MASTIN G. WHITE,
Solicitor.

(S) R. M. EVANS,
Administrator,
Agricultural Adjustment Administration.

JOINT RECOMMENDATION OF THE ARKANSAS STATE COMMITTEE AND THE MISSISSIPPI COUNTY COMMITTEE IN THE CASES OF LEE WILSON AND COMPANY AND ITS TENANTS HEARD ON NOVEMBER 7 AND 8, 1940, IN THE STATE OFFICE AT 421½ WEST CAPITAL AVENUE

Present at the hearing were: R. C. Branch, Kit Phillips, C. C. Cox, C. C. Willey, and Jim Keith, members of the Arkansas State Agricultural Conservation Committee; J. B. Daniels, Administrative Officer in Charge; E. B. Chiles, Fred Davis, and C. R. Coleman, members of the County Committee from Mississippi County, E. H. Burns, County Agent of South Mississippi County; C. S. Dupree, State Performance Supervisor, J. A. Hemphill, Senior Field Officer, P. B. Mattox of the General Accounting Office; E. B. Jackson,

Senior Field Officer of the Landlord-Tenant Relationships Section of the Southern Division, A. A. A., and J. R. May, Collaborator, members of the Investigating Committee; J. H. Crain and J. E. Crain representing Lee Wilson and Company; T. M. Gachet, Senior Administrative Officer; and E. P. Bowyer, Attorney in the Office of the Solicitor, Department of Agriculture.

After hearing the report of the Investigating Committee and permitting the representatives of Lee Wilson and Company to offer all objections that they had to it, it was decided by the County and State Committees, in joint session, hereinafter referred to as the joint committee, to accept the report of the Investigation Committee with the following exceptions: [No exceptions as to assignments].

* * * * *

NOVEMBER 6, 1940.

REPORT OF FARMING ACTIVITIES OF LEE WILSON AND COMPANY AND TENANTS WITH REFERENCE TO THE AAA PROGRAMS, 1933 THROUGH 1939

According to the instructions contained in a letter of February 13, 1940, to Mr. J. B. Daniels, Administrative Officer in Charge, from Mr. I. W. Duggan, Director, Southern Division, enclosing a memorandum approved by Mr. R. M. Evans, Administrator, Agricultural Adjustment Administration, setting forth procedure for disposing of claims filed by Lee Wilson and Company and its tenants for payment under the various Agricultural Adjustment, Agricultural Conservation, and related programs administered through the Agri-

cultural Adjustment Administration, the following report is submitted:

An investigating Committee composed of C. S. Dupree, J. A. Hemphill, John R. May, and Walter R. Dunnavant from the Arkansas State office and E. B. Jackson from the Tenant-Landlord Relationship Section of the Southern Division, Agricultural Adjustment Administration, was set up to conduct the investigation. The General Accounting Office designated P. B. Mattox as its representative to assist in the investigation. The Mississippi County Agricultural Conservation Association office furnished personnel to assist the Committee from time to time. The Committee has from time to time received advice from the Washington office or members of its staff.

In conducting the investigation the Committee used all available county office records, State office records, and Washington office records. The Committee checked Lee Wilson and Company's books and records at Armorel, Wilson, and Lepanto. The Committee also checked the Victoria Records which had been moved to the Wilson office from Victoria prior to the investigation.

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ASSIGNMENTS FOR 1938 AND 1939

The Investigating Committee found that the regulations pertaining to assignments had been ignored frequently by the Committeemen and county office in executing, filing, and accepting assignments in 1938 and 1939.

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The Committee found that in some cases Section I of the Forms ACP–69 covering the 1938 applications were executed in 1939. The Committee also found that Section I of the ACP–69 covering 1938 applications in a few cases were executed in December of 1938. The Committee recommends that these assignments be voided.

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U. S. GOVERNMENT PRINTING OFFICE: 1940